

# Non-Consolidated Financial Statements--Summary

(For the fiscal year ended March 31, 2004)

May 17, 2004

The following statements are an English-language translation of the original Japanese-language document.  
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Name of listed company: **JGC Corporation**

Code Number: **1963**

Representative

Title: **Chairman and Chief Executive Officer**

Name: **Yoshihiro Shigehisa**

Contact

Title: **Associate Director, Finance & Accounting Department**

Name: **Yasumasa Saito**

Board of Directors meeting: **May 17, 2004**

Ordinary Annual General Meeting of Shareholders: **June 29, 2004**

Stock exchange: **Tokyo**

Head office: **Tokyo**

Tel: **045-682-1111**

URL: <http://www.jgc.co.jp>

Interim dividend system: **No**

Investment unit system: **Yes**

One investment unit = 1,000 shares

## 1. Business results for fiscal 2003 (April 1, 2003–March 31, 2004)

### (1) Non-Consolidated financial results

Note: All amounts are rounded down to the nearest million yen.

|                | Net sales         |      | Operating income  |        | Ordinary income   |        |
|----------------|-------------------|------|-------------------|--------|-------------------|--------|
|                | (Millions of yen) | (%)  | (Millions of yen) | (%)    | (Millions of yen) | (%)    |
| Mar. 2004 term | 367,740           | 8.5  | 11,170            | (15.1) | 14,172            | 1.2    |
| Mar. 2003 term | 338,945           | 13.4 | 13,163            | (21.9) | 14,008            | (30.3) |

|                | Net income        |      | Earnings per share | Earnings per share (diluted) | Return on equity | Ordinary income/total assets | Ordinary income/net sales |
|----------------|-------------------|------|--------------------|------------------------------|------------------|------------------------------|---------------------------|
|                | (Millions of yen) | (%)  | (Yen)              | (Yen)                        | (%)              | (%)                          | (%)                       |
| Mar. 2004 term | 8,265             | 55.7 | 31.98              | –                            | 6.4              | 4.6                          | 3.9                       |
| Mar. 2003 term | 5,307             | 18.2 | 20.13              | 20.11                        | 4.4              | 4.7                          | 4.1                       |

Notes:

①Average number of shares outstanding (non-consolidated):

Mar. 2004 term: 254,276,910      Mar. 2003 term: 257,346,597

②Change in accounting methods: None

③Percentages for net sales, operating income, ordinary income and net income indicate changes from the previous term.

### (2) Dividends

|                | Annual dividends per share (Yen) |          |      | Total dividends (annual) | Payout ratio | Dividends/shareholders' equity |
|----------------|----------------------------------|----------|------|--------------------------|--------------|--------------------------------|
|                | Interim                          | Term-end |      | (Millions of yen)        | (%)          | (%)                            |
| Mar. 2004 term | 8.00                             | –        | 8.00 | 2,033                    | 24.6         | 1.5                            |
| Mar. 2003 term | 6.00                             | –        | 6.00 | 1,527                    | 28.8         | 1.3                            |

### (3) Non-consolidated financial position

|               | Total assets      | Shareholders' equity | Shareholders' equity/total assets | Shareholders' equity per share |
|---------------|-------------------|----------------------|-----------------------------------|--------------------------------|
|               | (Millions of yen) | (Millions of yen)    | (%)                               | (Yen)                          |
| Mar. 31, 2004 | 319,109           | 134,860              | 42.3                              | 530.63                         |
| Mar. 31, 2003 | 303,526           | 121,984              | 40.2                              | 479.13                         |

Notes:

①Number of shares outstanding at term-end (non-consolidated):

Mar. 31, 2004: 254,151,280      Mar. 31, 2003: 254,597,259

②Number of treasury stock at term-end:

Mar. 31, 2004: 4,901,649      Mar. 31, 2003: 4,356,502

## 2. Forecast for fiscal 2004 (April 1, 2004–March 31, 2005)

|              | Net sales         | Ordinary income   | Net income        | Annual dividends per share (Yen) |          |      |
|--------------|-------------------|-------------------|-------------------|----------------------------------|----------|------|
|              | (Millions of yen) | (Millions of yen) | (Millions of yen) | Interim                          | Year-end |      |
| Interim term | 175,000           | 6,500             | 4,500             | –                                | –        | –    |
| Entire term  | 390,000           | 14,500            | 9,500             | –                                | 9.00     | 9.00 |

Reference: Estimated earnings per share

(yen, fiscal 2004): 37.38

Note: The forecasts given above are based on information available at the time of compilation and are inherently subject to a variety of risks and uncertainties. Actual results may vary significantly from forecasts due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

## Non-Consolidated Statements of Income

| Years ended   | March 31,<br>2004<br>(Millions of yen) | March 31,<br>2003<br>(Millions of yen) | Increase<br>(decrease)<br>(Millions of yen) |
|---|--|--|---|
| <b>Net sales</b>  | <b>367,740</b>                         | <b>338,945</b>                         | <b>28,795</b>                               |
| Cost of sales   | 347,736                                | 316,801                                | 30,935                                      |
| Gross profit  | 20,003                                 | 22,143                                 | (2,140)                                     |
| Selling, general and administrative expenses                | 8,832                                  | 8,980                                  | (148)                                       |
| <b>Operating income</b>                                     | <b>11,170</b>                          | <b>13,163</b>                          | <b>(1,993)</b>                              |
| <b>Non-operating income:</b>                                | <b>3,826</b>                           | <b>4,548</b>                           | <b>(722)</b>                                |
| Interest income   | 2,322                                  | 3,497                                  | (1,175)                                     |
| Exchange gain, net  | 263                                    | -                                      | 263   |
| Rental income from fixed assets                             | 843                                    | 823                                    | 20  |
| Other non-operating income                                  | 397                                    | 226                                    | 171   |
| <b>Non-operating expenses:</b>                              | <b>824</b>                             | <b>3,703</b>                           | <b>(2,879)</b>                              |
| Interest expense  | 292                                    | 354                                    | (62)  |
| Exchange loss, net  | -                                      | 1,834                                  | (1,834)                                     |
| Provision for allowance for doubtful accounts               | -                                      | 789                                    | (789)                                       |
| Other non-operating expenses                                | 532                                    | 724                                    | (192)                                       |
| <b>Ordinary income</b>                                      | <b>14,172</b>                          | <b>14,008</b>                          | <b>164</b>                                  |
| <b>Extraordinary gain:</b>                                  | <b>547</b>                             | <b>269</b>                             | <b>278</b>                                  |
| Reversal of allowance for doubtful accounts                 | 509                                    | -                                      | 509   |
| Gain on sales of property and equipment                     | 0                                      | 7                                      | (7)   |
| Gain on sales of investment securities                      | 33                                     | 262                                    | (229)                                       |
| Other extraordinary gain                                    | 4                                      | -                                      | 4   |
| <b>Extraordinary loss:</b>                                  | <b>1,786</b>                           | <b>6,867</b>                           | <b>(5,081)</b>                              |
| Loss on sales or disposal of property and equipment         | 517                                    | 248                                    | 269   |
| Loss on sales of marketable securities                      | 2                                      | 304                                    | (302)                                       |
| Special early retirement benefits                           | -                                      | 147                                    | (147)                                       |
| Provision for doubtful accounts                             | -                                      | 209                                    | (209)                                       |
| Loss on devaluation of marketable and investment securities | 5                                      | 5,808                                  | (5,803)                                     |
| Loss on devaluation of investment in subsidiaries           | 524                                    | -                                      | 524   |
| Loss on withdrawal from certain business                    | 312                                    | -                                      | 312   |
| Loss on devaluation of property and equipment               | 420                                    | -                                      | 420   |
| Other extraordinary loss                                    | 4                                      | 149                                    | (145)                                       |
| <b>Income before taxes on income</b>                        | <b>12,933</b>                          | <b>7,410</b>                           | <b>5,523</b>                                |
| Taxes on income:  | <b>4,668</b>                           | <b>2,103</b>                           | <b>2,565</b>                                |
| Current   | 4,262                                  | 4,672                                  | (410)                                       |
| Deferred  | 406                                    | (2,569)                                | 2,975                                       |
| <b>Net income</b>   | <b>8,265</b>                           | <b>5,307</b>                           | <b>2,958</b>                                |
| <b>Retained earnings at the beginning of the period</b>     | <b>2,131</b>                           | <b>2,122</b>                           | <b>9</b>                                    |
| <b>Disposition on revaluation of land</b>                   | <b>(359)</b>                           | <b>(144)</b>                           | <b>(215)</b>                                |
| <b>Unappropriated earnings for the current period</b>       | <b>10,037</b>                          | <b>7,285</b>                           | <b>2,752</b>                                |

## Non-Consolidated Balance Sheets

## ASSETS

|  | March 31,<br>2004<br>(Millions of yen) | March 31,<br>2003<br>(Millions of yen) | Increase<br>(decrease)<br>(Millions of yen) |
|--|--|--|---|
| <b>Current assets:</b>                   | <b>207,037</b>                         | <b>193,500</b>                         | <b>13,537</b>                               |
| Cash                                     | 73,168                                 | 61,473                                 | 11,695                                      |
| Notes receivable                         | 651                                    | 1,146                                  | (495)                                       |
| Accounts receivable for completed works  | 56,158                                 | 46,319                                 | 9,839                                       |
| Marketable securities                    | 20,516                                 | 22,515                                 | (1,999)                                     |
| Contract works in progress               | 50,349                                 | 55,266                                 | (4,917)                                     |
| Other receivables                        | 4,258                                  | 5,891                                  | (1,633)                                     |
| Deferred tax assets                      | 4,285                                  | 4,332                                  | (47)  |
| Other current assets                     | 5,531                                  | 5,920                                  | (389)                                       |
| Allowance for doubtful accounts          | (7,882)                                | (9,365)                                | 1,483                                       |
| <b>Fixed assets:</b>                     | <b>112,071</b>                         | <b>110,026</b>                         | <b>2,045</b>                                |
| <b>Tangible fixed assets:</b>            | <b>56,354</b>                          | <b>59,766</b>                          | <b>(3,412)</b>                              |
| Buildings*                               | 31,712                                 | 33,629                                 | (1,917)                                     |
| Structures*                              | 273                                    | 364                                    | (91)  |
| Machinery*                               | 340                                    | 334                                    | 6   |
| Vehicles*                                | 179                                    | 240                                    | (61)  |
| Equipment and tools*                     | 1,002                                  | 1,271                                  | (269)                                       |
| Land                                     | 22,812                                 | 23,789                                 | (977)                                       |
| Construction in progress                 | 33                                     | 135                                    | (102)                                       |
| <b>Intangible fixed assets</b>           | <b>2,046</b>                           | <b>1,638</b>                           | <b>408</b>                                  |
| Software                                 | 2,003                                  | 1,595                                  | 408   |
| Other intangible fixed assets            | 42                                     | 43                                     | (1)   |
| <b>Investments and other assets:</b>     | <b>53,670</b>                          | <b>48,620</b>                          | <b>5,050</b>                                |
| Investments in securities                | 27,628                                 | 17,501                                 | 10,127                                      |
| Investments in subsidiaries              | 10,875                                 | 9,886                                  | 989   |
| Long-term loans receivable               | 6,679                                  | 8,560                                  | (1,881)                                     |
| Deferred tax assets                      | 7,838                                  | 11,779                                 | (3,941)                                     |
| Deferred tax assets for land revaluation | 1,061                                  | 1,264                                  | (203)                                       |
| Other investments and other assets       | 2,709                                  | 3,128                                  | (419)                                       |
| Allowance for doubtful accounts          | (3,121)                                | (3,501)                                | 380   |
| <b>Total assets</b>                      | <b>319,109</b>                         | <b>303,526</b>                         | <b>15,583</b>                               |

\*Figures are presented net of accumulated depreciation

|                          |        |        |
|--------------------------|--------|--------|
| Accumulated depreciation | 20,695 | 19,365 |
|--------------------------|--------|--------|

Note: These unaudited financial statements have been translated into English for the convenience of foreign readers, and are based on financial statements disclosed by JGC Corporation to the Tokyo Stock Exchange on May 17, 2004.

## LIABILITIES AND SHAREHOLDERS' EQUITY

|   | March 31,<br>2004<br>(Millions of yen) | March 31,<br>2003<br>(Millions of yen) | Increase<br>(decrease)<br>(Millions of yen) |
|---|--|--|---|
| <b>Total liabilities:</b>                           | <b>184,248</b>                         | <b>181,541</b>                         | <b>2,707</b>                                |
| <b>Current liabilities:</b>                         | <b>147,384</b>                         | <b>147,994</b>                         | <b>(610)</b>                                |
| Notes payable                                       | 215                                    | 260                                    | (45)  |
| Notes payable on works                              | 49,018                                 | 62,176                                 | (13,158)                                    |
| Short-term loans                                    | 1,911                                  | 2,511                                  | (600)                                       |
| Convertible bonds                                   | -                                      | 24                                     | (24)  |
| Accrued expenses                                    | 3,548                                  | 5,192                                  | (1,644)                                     |
| Income taxes payable                                | 1,230                                  | 2,955                                  | (1,725)                                     |
| Advances received on uncompleted contracts          | 85,744                                 | 68,494                                 | 17,250                                      |
| Reserve for job warranty costs                      | 1,761                                  | 1,352                                  | 409   |
| Reserve for bonuses                                 | 2,785                                  | 2,287                                  | 498   |
| Other current liabilities                           | 1,167                                  | 2,738                                  | (1,571)                                     |
| <b>Long-term liabilities:</b>                       | <b>36,864</b>                          | <b>33,547</b>                          | <b>3,317</b>                                |
| Long-term loans                                     | 15,277                                 | 15,327                                 | (50)  |
| Reserve for retirement benefits                     | 16,553                                 | 13,368                                 | 3,185                                       |
| Reserve for directors' retirement bonuses           | 893                                    | 708                                    | 185   |
| Long-term deposits                                  | 4,140                                  | 4,143                                  | (3)   |
| <b>Shareholders' equity:</b>                        | <b>134,860</b>                         | <b>121,984</b>                         | <b>12,876</b>                               |
| <b>Common stock</b>                                 | <b>23,511</b>                          | <b>23,499</b>                          | <b>12</b>                                   |
| <b>Capital surplus</b>                              | <b>25,578</b>                          | <b>25,566</b>                          | <b>12</b>                                   |
| Additional paid-in capital                          | 25,578                                 | 25,566                                 | 12  |
| Other capital surplus                               | 0                                      | -                                      | 0   |
| Gain on retirement of treasury stock                | 0                                      | -                                      | 0   |
| <b>Retained earnings</b>                            | <b>84,252</b>                          | <b>78,000</b>                          | <b>6,252</b>                                |
| Legal reserve                                       | 2,692                                  | 2,692                                  | -   |
| Voluntary reserve                                   | 71,521                                 | 68,022                                 | 3,499                                       |
| Loss on overseas investment reserve                 | -                                      | 0                                      | (0)   |
| Overseas transactions contingency loss reserve      | 24,500                                 | 24,500                                 | -   |
| Dividend reserve                                    | 4,355                                  | 4,355                                  | -   |
| Fixed asset rationalization reserve                 | 221                                    | 221                                    | -   |
| General reserve                                     | 42,445                                 | 38,945                                 | 3,500                                       |
| Unappropriated profit for the current period        | 10,037                                 | 7,285                                  | 2,752                                       |
| <b>Land revaluation, net of deferred tax assets</b> | <b>(1,870)</b>                         | <b>(2,229)</b>                         | <b>359</b>                                  |
| <b>Net unrealized holding gains on securities</b>   | <b>6,987</b>                           | <b>312</b>                             | <b>6,675</b>                                |
| <b>Treasury stock, at cost</b>                      | <b>(3,598)</b>                         | <b>(3,163)</b>                         | <b>(435)</b>                                |
| <b>Total liabilities and shareholders' equity</b>   | <b>319,109</b>                         | <b>303,526</b>                         | <b>15,583</b>                               |

## Sales, Orders Received and Backlog

(Millions of yen)

| Business area |   | March 31, 2003        | March 31, 2004 |         |                       |
|---------------|---|-----------------------|----------------|---------|-----------------------|
|               |   | Outstanding Contracts | New Contracts  | Sales   | Outstanding Contracts |
| Domestic      | Oil and gas development                             | 1,513                 | 581            | 2,087   | 7                     |
|               | Petroleum refining                                  | 37,531                | 41,434         | 22,210  | 56,755                |
|               | LNG   | 766                   | 788            | 1,262   | 292                   |
|               | Chemical  | 1,896                 | 7,064          | 4,023   | 4,937                 |
|               | Power generation, nuclear power and new energy      | 22,899                | 6,903          | 12,031  | 17,771                |
|               | Living and general production facility              | 30,287                | 16,829         | 23,067  | 24,049                |
|               | Environmental protection, social development and IT | 30,086                | 11,996         | 25,348  | 16,734                |
|               | Others  | 91                    | 1,133          | 1,214   | 10                    |
|               | Subtotal  | 125,069               | 86,728         | 91,242  | 120,555               |
| Overseas      | Oil and gas development                             | 180,239               | 239,715        | 128,078 | 291,876               |
|               | Petroleum refining                                  | 30,858                | 109,487        | 21,443  | 118,902               |
|               | LNG   | 96,701                | 11,172         | 61,854  | 46,019                |
|               | Chemical  | 110,371               | 12,774         | 50,756  | 72,389                |
|               | Power generation, nuclear power and new energy      | 3,102                 | 16,228         | 3,201   | 16,129                |
|               | Living and general production facility              | 11,666                | 1,767          | 11,136  | 2,297                 |
|               | Environmental protection, social development and IT | 3,074                 | 63             | 9       | 3,128                 |
|               | Others  | -                     | 21             | 21      | -                     |
|               | Subtotal  | 436,011               | 391,227        | 276,497 | 550,740               |
| Total         | *2 561,080  | 477,955               | 367,740        | 671,295 |                       |

Notes:

\*1 Figures for each business area are exclusive of consumption and other taxes.

\*2 The balances of new contracts as of the end of the previous fiscal year have been revised to reflect foreign currency translation adjustments and changes in contract amounts for the period under review as follows:

(Millions of yen)

| Business area                                       | Foreign currency translation adjustment | Revision for changes in contract amounts | Total    |
|---|---|--|----------|
| Oil and gas development                             | 10,280                                  | (7,450)                                  | 2,830    |
| Petroleum refining                                  | (3,034)                                 | (1,381)                                  | (4,415)  |
| LNG   | (1,857)                                 | (443)                                    | (2,300)  |
| Chemical  | (4,859)                                 | (19,410)                                 | (24,269) |
| Power generation, nuclear power and new energy      | -                                       | (879)                                    | (879)    |
| Living and general production facility              | 104                                     | (1,454)                                  | (1,350)  |
| Environmental protection, social development and IT | -                                       | (191)                                    | (191)    |
| Others  | -                                       | -  | -        |
| Total   | 634                                     | (31,208)                                 | (30,574) |